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STATE DOCUMENTS

# **SOUTH CAROLINA STATE DEVELOPMENT BOARD**

## **ANNUAL REPORT**

### **1974-75**



Printed Under the Direction of the  
State Budget and Control Board

**SOUTH CAROLINA  
STATE DEVELOPMENT BOARD**

**ANNUAL REPORT**

**1974-75**



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State Budget and Control Board



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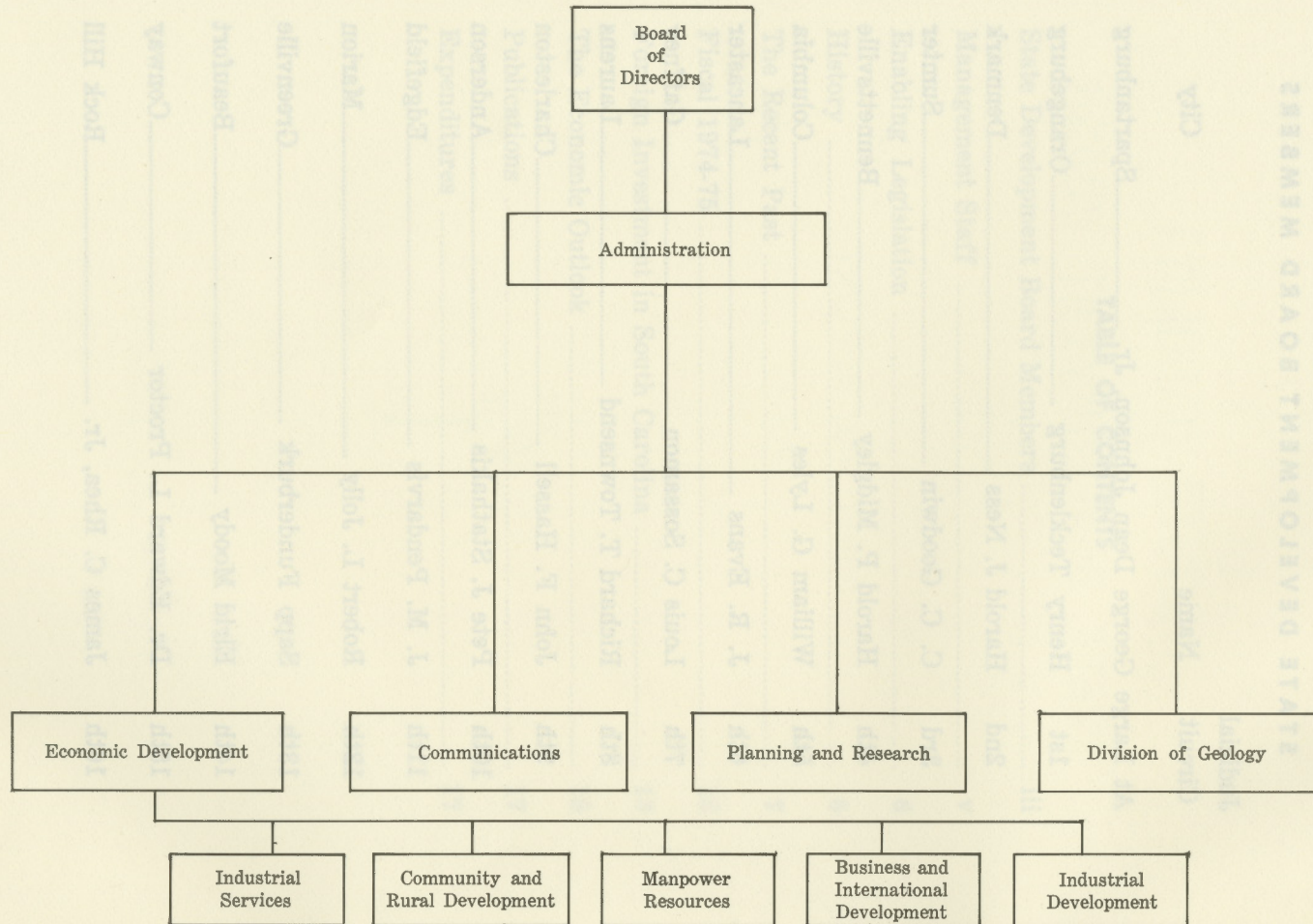
# SOUTH CAROLINA STATE DEVELOPMENT BOARD MEMBERS

Judicial

Circuit	Name	City
At Large	George Dean Johnson, Jr. ....	Spartanburg
1st	Henry Tecklenburg .....	Orangeburg
2nd	Harold J. Ness .....	Denmark
3rd	C. C. Goodwin .....	Sumter
4th	Harold P. Midgley .....	Bennettsville
5th	William G. Lyles .....	Columbia
6th	J. R. Evans .....	Lancaster
7th	Louis C. Sossamon .....	Gaffney
8th	Richard T. Townsend .....	Laurens
9th	John F. Hassell .....	Charleston
10th	Pete J. Stathakis .....	Anderson
11th	J. M. Pendarvis .....	Edgefield
12th	Robert L. Jolly .....	Marion
13th	Sapp Funderburk .....	Greenville
14th	Elrid Moody .....	Beaufort
15th	Dr. Edward L. Proctor .....	Conway
16th	James C. Rhea, Jr. ....	Rock Hill



# SOUTH CAROLINA DEVELOPMENT BOARD ORGANIZATIONAL CHART



**MANAGEMENT STAFF OF THE SOUTH CAROLINA  
STATE DEVELOPMENT BOARD**

W. Milton Folds	Director
F. Earl Ellis	Deputy Director
Robert E. Glover	Associate Director for Economic Development
G. L. Daniel	Associate Director for Communications
Edward B. Burgess	Associate Director for Planning and Research
N. K. Olson	Manager, State Geology
Wesley M. Pitts	Manager, Industrial Projects
P. M. Smurthwaite	Manager Industrial Services
M. C. Gravely, Jr.	Manager Industrial Prospects
Howard R. Folkman	Manager Manpower Resources
Caleb C. Whitaker III	Manager Business and International Development
Robert H. Whitaker	Manager, Community and Rural Development



## ENABLING LEGISLATION

The South Carolina State Development Board was created for the purpose of conducting an adequate Statewide planning program and Statewide program for the stimulation of economic activity to develop the potentialities of the State; to conserve, restore and develop the natural and physical, the human and social, the economic and productive resources of the State; to promote public interest in the development of the State, through cooperation with public agencies, private enterprises, and charitable and social institutions; to promote and encourage industrial development, private business and commercial enterprise, agricultural production, transportation, and the utilization and investment of capital within the State; to assist in the development of existing State and interstate trade, commerce and markets for South Carolina goods and in the removal of barriers to the industrial, commercial and agricultural development of the State; to assist in insuring stability in employment; to increase the opportunities for employment of the citizens of the State; to devise ways and means to raise the living standards of the people of the State; and to advance the general welfare of the people.

## HISTORY

The South Carolina State Development Board was created originally in 1942 as the Preparedness for Peace Commission. In 1945 enabling legislation was amended and the agency's name changed to the Department of Research, Planning and Development. Under the 1945 Amendment, the State Development Board assumed the responsibilities of the State Board of Housing, the Building Council of South Carolina, the South Carolina Commerce Department Board, the South Carolina Intra-Coastal Waterway Commission, the State Commission of Port Development, the South Carolina Board for Promotion of External Trade, and the Natural Resources Commission.

Since the 1945 Amendment, some of the responsibilities of the State Development Board have been transferred to other agencies by executive order and legislative amendments. Un-



der Act 682, 1954, the name of the agency was changed from Department of Research, Planning and Development to The State Development Board.

### THE RECENT PAST

South Carolina, along with other states of the New South, experienced an unprecedented rate of economic growth during the sixties. The State Development Board was an active agent behind the investment momentum of the sixties and has worked diligently with private industry to maintain that momentum in the seventies. With the backing of responsible state and local government, the support of an outstanding technical education system and the cooperative enthusiasm of private enterprise, development efforts have brought an improved standard of living to the people of the state.

Growth rates in key indicators over the past ten years confirm the reality of progress. Total personal income, one of the most reliable yardsticks of economic advance, grew from \$4.3 billion in 1964 to \$11.8 billion in 1974, an increase of 175%. Per capita income climbed from \$1,740 in 1964 to \$4,258 in 1974, a gain of 145%. The percentage changes in total personal and per capita income for the Southeast were 173% and 142% respectively, the highest percentage changes in these indicators for any region, excluding Alaska and Hawaii. Retail sales in South Carolina were up 162% for the same period and bank deposits climbed 204%. Furthermore, the growth in tax revenues resulting from increased economic activity has provided the means to improve public services and facilities which benefit all citizens. Manufacturer's property tax assessments increased 86% between 1964 and 1974, while corporate income tax revenues rose by 305% and revenues from taxes on manufacturing income alone by 200%.

Development logic and strategy during the past decade have encouraged the growth of modern, capital intensive industries, particularly petrochemicals and metalworking.

Investment by chemical, fabricated metals, electrical and nonelectrical machinery and other industries has broadened and diversified the state's industrial base, creating a more viable economy. As a result, aggregate employment in manu-



facturing has become less dependent on the fate of one or two industries.

Even though textiles are still the dominant employer in the manufacturing sector, the pattern of percentage changes in industry employment signifies important trends, and aggregate gains have been impressive. In 1964, 277,900 persons were employed in manufacturing in the state. By the end of 1974, growth in manufacturing employment had created 97,300 more jobs, bringing total employment in the sector to 375,200. These figures represent a 32% growth factor for the ten-year period which compares favorably with the 16% increase for the nation. Aggregate figures show that from 1965 to the end of 1974, announced investment in new and expanded plants in South Carolina totaled \$5,947,876,000, spawning 160,903 new jobs.

**ANNOUNCED CAPITAL INVESTMENT IN SOUTH CAROLINA  
BY MANUFACTURING INDUSTRY 1965-74**

Industry	Number of New and		Investment (\$000)
	Expanded Plants	Employment	
Food & Kindred Products .....	71	4,427	73,365
Textile .....	422	36,327	868,611
Apparel .....	215	21,091	78,196
Lumber & Wood Products .....	147	6,917	134,075
Paper, Printing & Allied .....	93	3,844	330,737
Chemical & Allied .....	174	28,697	2,896,239
Stone, Clay & Glass .....	80	2,562	137,375
Metalworking .....	459	47,251	1,110,379
Remaining* .....	109	9,787	318,899
	<u>1,770</u>	<u>160,903</u>	<u>5,947,876</u>

\*Includes tobacco, petroleum, rubber and plastics, leather and miscellaneous industries.

Source: Planning and Research Division, South Carolina State Development Board

The significance of these development trends lies in their total economic effect. The increasing flow of investment funds into various capital intensive industries signifies economic maturity. Beneficial results have been an increase in the manufacturing wage rate, more goods and services and a stronger economic structure. For example, average hourly

earnings for production workers in manufacturing climbed from \$1.80 in 1964 to \$3.32 in 1974, and average weekly earnings for production and salaried workers in manufacturing rose from \$82.00 to \$150.00.

**PERCENTAGE DISTRIBUTION OF  
ANNOUNCED CAPITAL INVESTMENT AND EMPLOYMENT  
IN  
SOUTH CAROLINA  
BY MANUFACTURING INDUSTRY  
1965-74**

Industry	% Total Employment	% Total Investment (\$000)
Food & Kindred Products .....	4.0	1.2
Textile .....	23.8	14.6
Apparel .....	12.2	1.3
Lumber and Wood Products .....	8.3	2.2
Paper, Printing and Allied .....	5.3	5.6
Chemical and Allied .....	9.8	48.7
Stone, Clay and Glass .....	4.5	2.3
Metalworking .....	25.9	18.7
Remaining* .....	6.2	5.4
	<u>100.0</u>	<u>100.0</u>

\*Includes tobacco, petroleum, rubber and plastics, leather and miscellaneous industries.

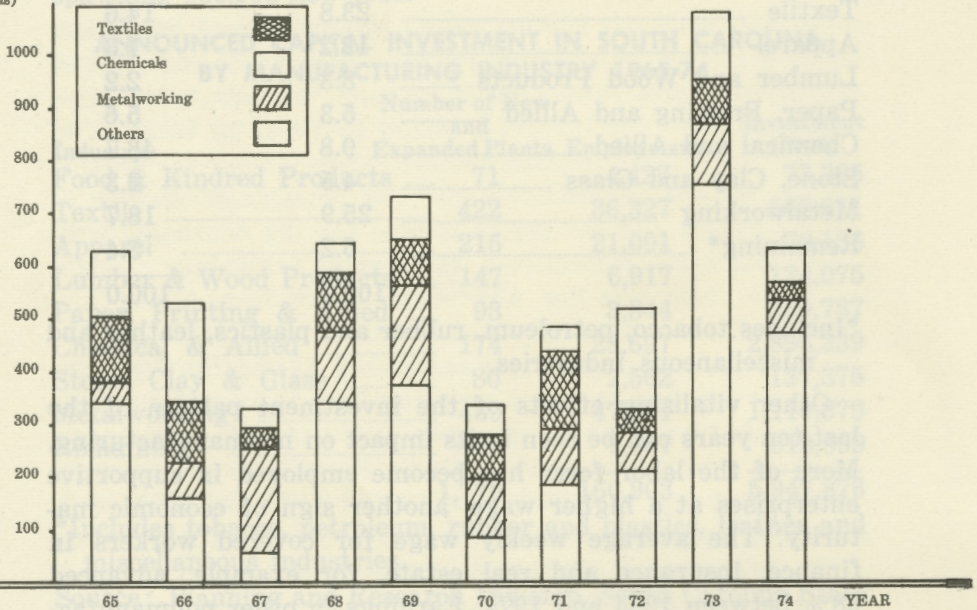
Other vitalizing effects of the investment pattern of the last ten years can be seen in its impact on nonmanufacturing. More of the labor force has become employed in supportive enterprises at a higher wage, another sign of economic maturity. The average weekly wage for covered workers in finance, insurance and real estate, for example, advanced 68% between 1964 and 1974. Earnings in other nonmanufacturing activities showed similar gains: weekly compensation to workers in wholesale trade in 1974 was up 91% from the 1964 figure; retail, 76%; transportation, communications and utilities, 86%; construction, 102%, and nonmanufacturing as a whole, 85%. Weekly earnings in all sectors of the economy rose 81%. Even after adjusting for inflation, weekly earnings reveal positive percentage increases in real wages for



all sectors for the ten-year period. After applying the 1964 Consumer Price Index (CPI) of 92.9 and the 1974 CPI of 147.7 to the current dollar weekly wages for both years to obtain constant dollars (1967 = 100.0), real wages for manufacturing as a whole show an increase of 16%. Real wages in other sectors exhibit both higher and lower percentage

### GROWTH IN MANUFACTURING BY MAJOR INDUSTRY IN SOUTH CAROLINA 1965-1974

INVESTMENT  
(millions)



gains, the highest occurring in contract construction (27%) and the lowest in finance, insurance and real estate (6%).

### EMPLOYMENT GROWTH BY INDUSTRY SECTOR

1964-74

Industry	Actual Increase	% Increase
Manufacturing .....	97,300	35%
Contract Construction .....	41,000	110%
Transportation Communication & Utilities .....	16,000	59%
Retail and Wholesale Trade .....	67,600	61%
Finance, Insurance and Real Estate .....	16,000	68%
Services .....	57,300	85%

Source: Calculations based on data supplied by South Carolina Employment Security Commission.

### FISCAL 1974-75

During Fiscal 1974-75, the entire nation and particularly the Southeast suffered from the impact of recession. Ironically, South Carolina's dependence on textiles, along with military and construction expenditures, cushioned the blow of previous recessions which have been confined mainly to the durable goods industries. The pervasive reach of the recent recession, however, compounded by past military cut-backs and a halt in the construction boom, was severely felt throughout the state. Manufacturers cut production as inventories backed up, unemployment claims reached record levels and businessmen cancelled or delayed investments.

In such a business climate, understandably, total investments in South Carolina fell considerably from the high levels of the previous fiscal year. Even under these conditions, however, announced investment in new and expanded manufacturing facilities totaled \$352,732,000, creating 7,953 new jobs. The increase in manufacturing payrolls from these jobs will, moreover, generate employment and income in nonmanu-



facturing as well. In the present case, 7,953 more persons employed in manufacturing will call for approximately 5,600 additional workers in the supporting economy.

Furthermore, it is economically significant that high growth industries captured better than three-quarters of total investment outlays in Fiscal 1974-75. Chemicals alone accounted for almost 57% of the total. When the share to metalworking is added, the figure jumps to 72%.

Investments in such industries diversify and invigorate the economy, assuring future growth.

**ANNOUNCED CAPITAL INVESTMENT IN SOUTH CAROLINA  
BY MANUFACTURING INDUSTRY  
FISCAL YEAR 1974-75**

Industry	Number of New and Expanded Plants	Employment	Investment (\$000)
Food & Kindred Products .....	7	318	11,137
Textile .....	24	815	30,426
Apparel .....	20	2,150	2,885
Lumber and Wood Products.....	5	110	3,500
Paper, Printing & Allied .....	5	265	3,825
Chemical and Allied .....	20	374	200,047
Stone, Clay and Glass .....	6	65	7,980
Metalworking .....	82	2,258	54,682
Remaining* .....	12	1,598	38,250
	<u>181</u>	<u>7,953</u>	<u>352,732</u>

\*Includes tobacco, petroleum, rubber and plastics, leather and miscellaneous industries.

**PERCENT DISTRIBUTION OF  
CAPITAL INVESTMENT BY INDUSTRY TYPE  
FISCAL YEAR 1974-75**

Food and Kindred Products .....	3.2
Textile .....	8.6
Apparel .....	0.8
Lumber and Wood Products .....	1.0
Paper, Printing and Allied .....	1.1
Chemical and Allied .....	56.7
Stone, Clay and Glass .....	2.3
Metalworking .....	15.5
Remaining .....	10.8

**FOREIGN INVESTMENT IN SOUTH CAROLINA**

Foreign or "reverse" investment has come to play an increasingly important role in the economic life of the state. Successful efforts by the State Development Board to attract a portion of the capital surplus of other countries has meant more jobs and income for the people of the state. Between January 1, 1960 and June 30, 1975, foreign manufacturing firms invested a total of \$1,396,704,000 in South Carolina, or 19% of the total manufacturing investment for those years.

Foreign investment in manufacturing for Fiscal 1974-75 totaled \$52,653,000, accounting for 15% of total investment for the period.

Again, when broken out by type of industry, the concentration of investment reflects the salient growth trends of the recent past. It is significant that the reverse investment program has brought high-growth industries into the state, as the chart below makes clear.

Given the adverse effects of recession, there are, nevertheless, sound reasons to be optimistic about the future of reverse investment. A favorable labor situation, a relatively low rate of inflation, the economic ramifications of devaluation and, above all, the location of South Carolina in relation to the United States markets, still make such investment highly attractive.

Furthermore, the State Development Board is continuing to create a more profitable investment climate. Overseas, in



cooperation with the State Ports Authority, the Board maintains a foreign office in Tokyo and has recently transferred a full time Industrial Development Representative to an office in Brussels. At home, the Board and the Ports Authority have established a Foreign Trade Zone near the Port of Charleston. The project will enable entrepreneurs to realize import, production and distribution economies that will certainly place South Carolina ahead of the competition.

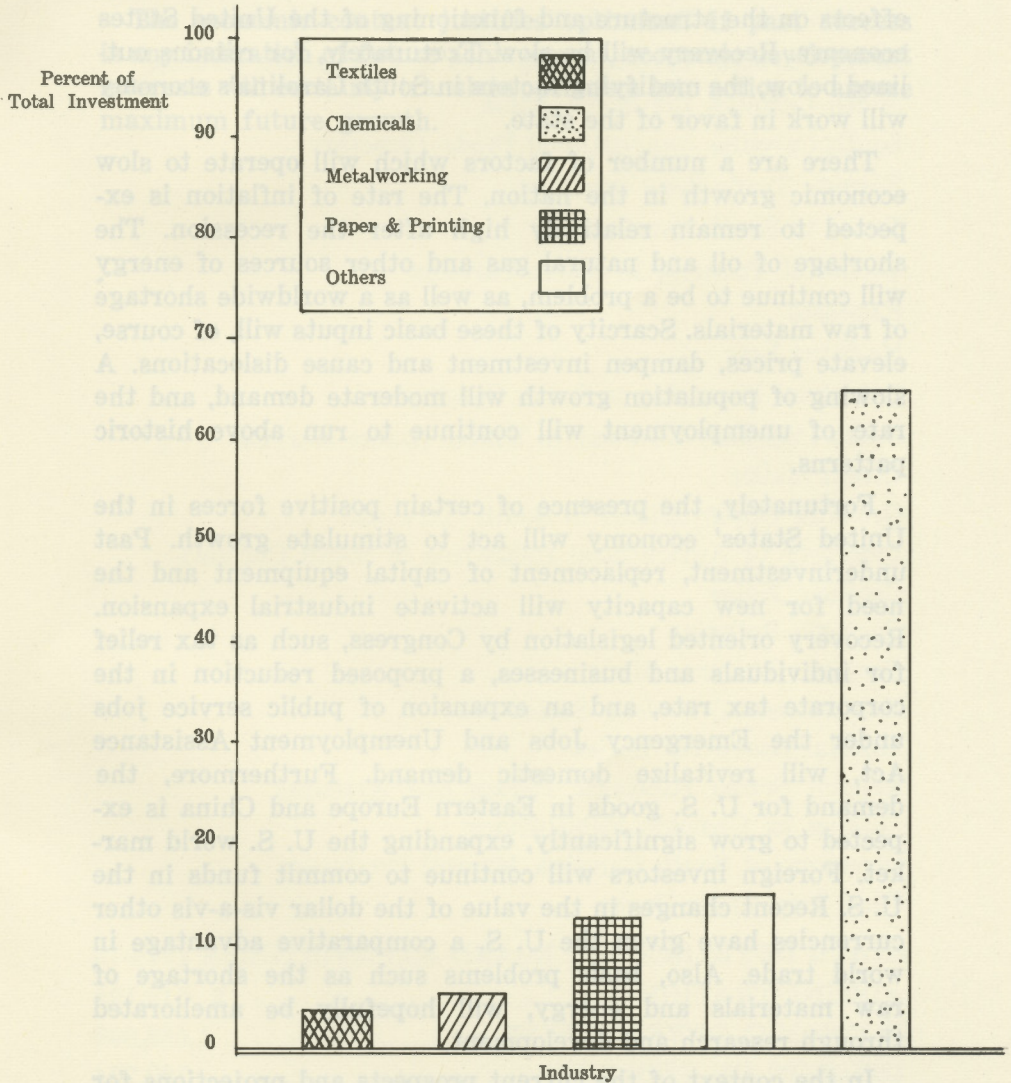
**Value of Foreign Manufacturing Investments By Year (\$000)**

Prior to 1960 .....	\$ 79,560
Total 1960-1969 .....	585,456
1970 .....	72,300
1971 .....	4,635
1972 .....	61,900
1973 .....	340,660
1974 .....	312,253
1975 (Jan-June) .....	19,500

Total .....\$1,476,264

Source: Planning and Research Division, South Carolina State Development Board, June, 1975.

# PERCENT DISTRIBUTION OF TOTAL FOREIGN MANUFACTURING INVESTMENT BY INDUSTRY





### THE ECONOMIC OUTLOOK

The outlook for the South Carolina economy during the next 10 to 15 years must essentially be mapped by the consensus predictions for the economy of the United States. South Carolina's particular economic characteristics will, of course, interact with the nation's growth, modifying general trends. Clearly, the recent recession has exerted profound and lasting effects on the structure and functioning of the United States economy. Recovery will be slow. Fortunately, for reasons outlined below, the modifying factors in South Carolina's economy will work in favor of the state.

There are a number of factors which will operate to slow economic growth in the nation. The rate of inflation is expected to remain relatively high after the recession. The shortage of oil and natural gas and other sources of energy will continue to be a problem, as well as a worldwide shortage of raw materials. Scarcity of these basic inputs will, of course, elevate prices, dampen investment and cause dislocations. A slowing of population growth will moderate demand, and the rate of unemployment will continue to run above historic patterns.

Fortunately, the presence of certain positive forces in the United States' economy will act to stimulate growth. Past underinvestment, replacement of capital equipment and the need for new capacity will activate industrial expansion. Recovery oriented legislation by Congress, such as tax relief for individuals and businesses, a proposed reduction in the corporate tax rate, and an expansion of public service jobs under the Emergency Jobs and Unemployment Assistance Act, will revitalize domestic demand. Furthermore, the demand for U. S. goods in Eastern Europe and China is expected to grow significantly, expanding the U. S. world market. Foreign investors will continue to commit funds in the U. S. Recent changes in the value of the dollar vis-a-vis other currencies have given the U. S. a comparative advantage in world trade. Also, basic problems such as the shortage of raw materials and energy, will hopefully be ameliorated through research and development.

In the context of the current prospects and projections for the U. S. economy, the outlook for South Carolina is good.

Mainly because of the composition and pace of past development in South Carolina, the state is expected to recover from the adverse effects of the recent recession sooner and at a faster rate than the nation. Per capita and personal income are projected to advance at rates above those for the United States, while the rate of unemployment is predicted to fall below the nation's.

The economic context justifies optimism. If past success is any indication of future achievement, economic development interests will certainly translate optimism into action to assure maximum future growth.



## PUBLICATIONS OF

## THE SOUTH CAROLINA STATE DEVELOPMENT BOARD

South Carolina Industrial Directory  
 Profile for Profit  
 South Carolina Statistics  
 South Carolina Metalworking Directory  
 South Carolina Economic Trends  
 South Carolina Industrial Services and Suppliers Catalog  
 South Carolina Industrial Atlas  
 South Carolina International Trade Directory  
 Foreign Trade Zone Brochure  
 Taxes in South Carolina  
 Technical Training in South Carolina  
 Expedite  
 No-Situs Law  
 Industrial Financing in South Carolina  
 South Carolina: Gateway to United States Markets  
 Direct Mailer  
 Growing Opportunities in South Carolina  
 Directory of Agricultural Industries in South Carolina  
 Geologic Notes  
 Geologic Bulletins  
 Geologic Resource Maps  
 Environmental Geology Series  
 Mineral Resources Series  
 Reprint Series (Geologic Papers and Articles)  
 Catalog of Geologic Publications  
 Directory of South Carolina Mineral Producers  
 Field Trip Guide Books

## STATE DEVELOPMENT BOARD EXPENDITURES 1974-75

ADMINISTRATION .....	\$ 519,190
ECONOMIC DEVELOPMENT .....	1,463,069
DIVISION OF GEOLOGY .....	189,734
TOTAL EXPENDITURES .....	\$2,171,993